



Senate

General Assembly

File No. 57

January Session, 2005

Senate Bill No. 958

Senate, March 24, 2005

The Committee on Labor and Public Employees reported through SEN. PRAGUE of the 19th Dist., Chairperson of the Committee on the part of the Senate, that the bill ought to pass.

AN ACT CONCERNING SOCIAL SECURITY OFFSETS UNDER THE WORKERS' COMPENSATION ACT.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 31-307 of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective October 1, 2005*):

3 (a) If any injury for which compensation is provided under the
4 provisions of this chapter results in total incapacity to work, the
5 injured employee shall be paid a weekly compensation equal to
6 seventy-five per cent of [his] the injured employee's average weekly
7 earnings as of the date of the injury, calculated pursuant to section 31-
8 310, after such earnings have been reduced by any deduction for
9 federal or state taxes, or both, and for the federal Insurance
10 Contributions Act made from such employee's total wages received
11 during the period of calculation of the employee's average weekly
12 wage pursuant to said section 31-310; but the compensation shall not
13 be more than the maximum weekly benefit rate set forth in section 31-

14 309 for the year in which the injury occurred. No employee entitled to
15 compensation under this section shall receive less than twenty per cent
16 of the maximum weekly compensation rate, as provided in section 31-
17 309, provided the minimum payment shall not exceed seventy-five per
18 cent of the employee's average weekly wage, as determined under
19 section 31-310, and the compensation shall not continue longer than
20 the period of total incapacity.

21 (b) Notwithstanding the provisions of subsection (a) of this section,
22 any employee who suffers any injury or illness caused by [his] the
23 employer's violation of any health or safety regulation adopted
24 pursuant to chapter 571 or adopted by the federal Occupational Safety
25 and Health Administration and listed in 29 CFR, Chapter XVII, after
26 the violation has been cited in accordance with the provisions of
27 section 31-375 or the provisions of the Occupational Safety and Health
28 Act of 1970, 84 Stat. 1601 (1970), 29 USC 658 and not abated within the
29 time fixed by the citation, provided the citation has not been set aside
30 by appeal to the appropriate agency or court having jurisdiction, shall
31 receive a weekly compensation equal to one hundred per cent of the
32 employee's average weekly earnings at the time of the injury or illness.

33 (c) The following injuries of any person shall be considered as
34 causing total incapacity and compensation shall be paid accordingly:
35 (1) Total and permanent loss of sight of both eyes, or the reduction to
36 one-tenth or less of normal vision; (2) the loss of both feet at or above
37 the ankle; (3) the loss of both hands at or above the wrist; (4) the loss of
38 one foot at or above the ankle and one hand at or above the wrist; (5)
39 any injury resulting in permanent and complete paralysis of the legs or
40 arms or of one leg and one arm; (6) any injury resulting in incurable
41 imbecility or mental illness.

42 (d) An employee who has suffered the loss or loss of the use of one
43 of the members of his body, or part of one of the members of [his] the
44 body, or the reduction of vision in one eye to one-tenth or less of
45 normal vision, shall not receive compensation for the later injury in
46 excess of the compensation allowed for the injury when considered by

47 itself and not in conjunction with the previous incapacity except as
48 provided in this chapter.

49 [(e) Notwithstanding any provision of the general statutes to the
50 contrary, compensation paid to an employee for an employee's total
51 incapacity shall be reduced while the employee is entitled to receive
52 old age insurance benefits pursuant to the federal Social Security Act.
53 The amount of each reduced workers' compensation payment shall
54 equal the excess, if any, of the workers' compensation payment over
55 the old age insurance benefits.]

This act shall take effect as follows and shall amend the following sections:		
Section 1	October 1, 2005	31-307

LAB *Joint Favorable*

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 06 \$	FY 07 \$
Dept. of Administrative Services - Workers' Comp. Claims	GF - Cost	69,000	102,000
Dept. of Administrative Services - Workers' Comp. Claims	TF - Cost	15,000	21,000
Children & Families, Dept.	GF - Cost	33,000	46,000
Correction, Dept.	GF - Cost	79,000	121,000
Department of Mental Retardation	GF - Cost	50,000	69,000
Mental Health & Addiction Serv., Dept.	GF - Cost	34,000	48,000
Public Safety, Dept.	GF - Cost	9,000	13,000
Treasurer	SIF - Cost	595,000	690,000

Note: GF=General Fund; TF=Transportation Fund; SIF=Second Injury Fund

Municipal Impact:

Municipalities	Effect	FY 06 \$	FY 07 \$
Various Municipalities	STATE MANDATE - Cost	Minimal	Minimal

Explanation

This bill eliminates the social security offset for individuals receiving workers' compensation benefits. This will increase workers' compensation costs to the state and municipalities.

It is anticipated that workers' compensation costs will increase up to one half of one percent (0.5%) as a result of restoring the social security offset that was eliminated in 1993 by PA 93-228. This will increase General Fund workers' compensation costs up to \$274,000 in FY 06 (nine months) and up to \$399,000 in FY 07¹. It is estimated that

¹ Based on the workers' compensation claims appropriated in the Governor's proposed FY 06-07 biennium budget (HB 6671).

Transportation Fund workers' compensation costs will increase up to \$15,000 in FY 06 (nine months) and up to \$21,000 in FY 07¹. The impact to the state may be lower because state employees collecting State Disability Retirement may be reluctant to pursue additional lost-time workers' compensation benefits because those benefits will be offset from their disability retirement.

This bill will also result in a significant cost to the Second Injury Fund (SIF). The fiscal impact to the SIF primarily involves two statutory obligations; second injury claims, and cost-of-living adjustment (COLA) claims for dates of injury between July 1, 1993 - September 30, 1997.

The cost in FY 06 for the SIF is estimated to be \$595,000 (\$45,000 for second injury claims, \$300,000 for COLA claims, \$250,000 for COLA settlements). The estimated cost in FY 07 is \$690,000 (\$60,000 for second injury claims, \$330,000 for COLA claims, \$300,000 for COLA settlements). These costs will increase over time as the total disability recipients who were injured after July 1, 1993 reach age 65.

It should be noted that, while the SIF is operated by the State Treasurer, it is financed by private employer contributions. The assessment rate for insured employers is 6.5%, and 11.6% for self-insured employers.

The bill is a state mandate on municipalities, particularly to those municipalities that are self-insured.

OLR Bill Analysis

SB 958

AN ACT CONCERNING SOCIAL SECURITY OFFSETS UNDER THE WORKERS' COMPENSATION ACT**SUMMARY:**

This bill eliminates the requirement that workers' compensation wage replacement benefits be reduced by an amount equal to any Social Security retirement benefits to which the injured worker is entitled. Under current law, a person receiving Social Security retirement benefits who is eligible for workers' compensation total disability payments receives workers' compensation only if the compensation payment exceeds his Social Security benefit, and he receives only the amount of workers' compensation in excess of his Social Security benefit. This applies to worker injuries that take place on or after July 1, 1993 (the effective date of the law creating the offset). Under the bill, the injured worker can receive both the workers' compensation and Social Security benefits with no offset.

Workers' compensation total disability benefits are payable to workers who cannot work because of a job-related injury or illness. Social Security retirement benefits are payable to eligible retirees once they reach age 62.

EFFECTIVE DATE: October 1, 2005

COMMITTEE ACTION

Labor and Public Employees Committee

Joint Favorable Report

Yea 12 Nay 1